



CITY OF ROCKY MOUNT

OFFICE OF THE MAYOR

January 18, 2018

The Honorable Roy A. Cooper, III
North Carolina Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

RE: Support for the Atlantic Coast Pipeline

Dear Governor Cooper:

On behalf of the City of Rocky Mount, we are requesting your support in the approval process for the Atlantic Gas Pipeline.

The City of Rocky Mount operates municipally-owned natural gas and electric utilities; the customers of which will be negatively affected if the construction of the Atlantic Gas Pipeline is any further delayed.

During the bitter cold weather at the end of December 2017 and the beginning of January 2018, natural gas prices spiked in North Carolina. These price spikes signal supply constraints and reflect demand for natural gas beyond what the existing interstate pipeline infrastructure can provide.

As an example, natural gas prices where the Atlantic Coast Pipeline will eventually get its supply averaged approximately \$3.70 per MMBtu. In contrast, pricing off the Transco line, currently North Carolina's only source of natural gas, averaged more than \$40.00 per MMBtu for this same time period, with the highest price paid by Rocky Mount being \$160.00 per MMBtu! This cost Rocky Mount's natural gas customers, our citizens, an additional \$3,500,000.00.

The Atlantic Coast Pipeline would mitigate these price spikes by providing the infrastructure necessary to transport additional natural gas into the state from the abundant supplies of the Marcellus and Utica shale basins.

We have been notified by Piedmont Natural Gas (our connection to the Transco pipeline) that Piedmont needs service from the Atlantic Coast Pipeline by the winter of 2019/2020 or their ongoing provision of short term firm services to Rocky Mount is in jeopardy. To put this plainly, on cold days like we just experienced, Rocky Mount will most likely be forced to curtail natural gas service to firm industrial and commercial customers. These are the same industries our region is struggling to attract.

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Along with thirty-one other eastern North Carolina cities, Rocky Mount was burdened for many years with retail electric rates that were 20% to 30+% higher than neighboring electric utilities. This issue was resolved in 2015 when Duke purchased the cities' interest in five generating plants and the cities became wholesale customers of Duke. Duke is planning on the lower cost natural gas from the Atlantic Coast Pipeline to fuel their generating plants. Without this lower cost natural gas supply from the Atlantic Coast Pipeline, the wholesale cost of power from Duke to the cities will increase thereby causing a cost increase to the cities' retail electric rates and its citizens.

The City of Rocky Mount was an early supporter of the Atlantic Coast Pipeline, adopting a resolution in support of the pipeline in 2015 (attached.) The resolution references the natural gas price spikes that occurred in the winter of 2014 due to the lack of adequate pipeline capacity. Demand for pipeline capacity continues to grow and the price of natural gas on the coldest days will continue to increase until the Atlantic Coast Pipeline is completed.

It is for these reasons that I request your support in the approval process for the Atlantic Gas Pipeline.

Sincerely,



David W. Combs
Mayor

**RESOLUTION IN SUPPORT OF
THE CONSTRUCTION OF THE ATLANTIC COAST PIPELINE**

WHEREAS, a group of major U.S. energy companies, including Dominion, Duke Energy, Piedmont Natural Gas, and AGL Resources recently formed a joint partnership to build the Atlantic Coast Pipeline, a 550-mile natural gas transmission line that will run from Harrison County, West Virginia to Robeson County in our state; and

WHEREAS, a lack of natural gas pipeline capacity, especially in eastern North Carolina currently limits North Carolina's access to this economical and environmentally friendly form of energy; and

WHEREAS, the route of the proposed 550-mile route of the Atlantic Coast Pipeline will pass between the City of Rocky Mount and the Town of Nashville, crossing the City of Rocky Mount's natural gas distribution system; and

WHEREAS, the Atlantic Coast Pipeline will make the growing supplies of natural gas produced in the Appalachian shale basins such as the Marcellus and Utica formations much more available to North Carolina and to the City of Rocky Mount; and

WHEREAS, this will provide an additional natural gas supply source for the City of Rocky Mount's natural gas utility and the homes and businesses it serves; and

WHEREAS, this project will help alleviate a shortage of pipeline capacity in North Carolina and work against pipeline constraints such as those that caused severe natural gas price spikes during the extremely cold winter of 2014; and

WHEREAS, this improved access will help promote stability in natural gas costs and help alleviate pipeline constraints that can cause severe price spikes such as those that occurred during the winter of 2014; and

WHEREAS, this better access will help promote North Carolina and Rocky Mount's continued economic development by providing better opportunities to recruit new manufacturing facilities that use the fuel; and

WHEREAS, this improved access will also work to improve air quality by enabling power generators to build new plants using this environmentally friendly fuel or convert existing plants to natural gas power;

NOW, THEREFORE, BE IT RESOLVED that the City of Rocky Mount, North Carolina supports construction of the Atlantic Coast Pipeline and notes the project's significant benefits for our state's consumers, utilities, industries and continued economic growth and development.

Adopted this the 11th day of May, 2015.


Pamela O. Casey
City Clerk